

Financial Regulations

Q.P. Code: 00001070

[Time:3.00 Hrs.]		[Marks:60]
Please check whether you have got the right question paper.		
N.B:	<p>1. Q.1 would be compulsory and would carry 20 Marks.</p> <p>2. Students have to attempt any four out of the remaining six Questions (Q.2 to Q.7) and within each question; students have to attempt any two Out of three sub – questions.</p>	

Q.1	<p>Case Study. FR Case Study – 20 Marks</p> <p>PMC BANK FRAUD CASE</p> <p>Indian banking system is passing through a tough time. The banking sector has huge Non Performing Assets (NPA). In this tough time another bank fraud came in the light in the name of Punjab & Maharashtra Cooperative (PMC) Bank.</p> <p>Founded in 1984, the PMC bank (Punjab and Maharashtra Co-operative Bank) is a multi-state, urban co-operative bank headquartered in Mumbai and has operations in several Indian states including Maharashtra, Delhi, Karnataka, Goa, Gujarat, Andhra Pradesh and Madhya Pradesh. Honoured by the Reserve Bank of India, PMC bank serves its customers across the country with a strong network of over 137 branch offices. Its customers include small business, housing societies and institutions.</p> <p>At the time of its establishment PMC was a cooperative bank but in 2000 it got the status of Schedule Commercial Bank by the Reserve Bank of India. PMC is the youngest bank to achieve the ‘Scheduled Bank’ status.</p> <p>Recently, The Bank has been facing regulatory actions and investigation over alleged irregularities in certain loan accounts. Loans given to financially stressed real estate player Housing Development & Infrastructure (HDIL).</p> <p>The crisis at PMC Bank first came to light on September 24, 2019, when Reserve Bank of India (RBI) placed curbs on the activities of the Mumbai-based bank for six months. The central bank also limited the amount a customer could withdraw from their account during the next six months — to Rs 1,000 at first, and later to Rs 25,000.</p> <p>Detail Report submitted to RBI.</p> <p>The HDIL promoters allegedly colluded with the bank management to draw loans from the bank's Bhandup branch. The bank officials did not classify these loans as non-performing advances, despite non-payment. As per the report, the estimated overall bank’s exposure to</p>	
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	<p>the HDIL group was around Rs 6,500 crore, over 73 per cent of all the bank's advances — and all of this was not being serviced. The PMC bank allegedly favored the promoters of HDIL and allowed them to operate password protected 'masked accounts.</p> <p>In 2018-19, the bank had reported a net profit of Rs 99.69 crore in its annual report. The bank showed 3.76 per cent (or Rs 315 crore) of advances (Rs 8,383 crore) as gross non-performing assets (NPAs), which was good performance as compared to public-sector banks.</p> <p>The bank's former chairman Waryam Singh, managing director Joy Thomas and other senior officials, along with HDIL's executive chairman Rakesh Kumar Wadhawan and his son Sarang, have been named in the case.</p> <p>This bank fraud case is busted by a bunch of women employees of the credit department of the PMC bank.</p> <p>You are required the answer the following in connection with the above case: -</p> <ol style="list-style-type: none"> Explain the various illicit activities mentioned in the case highlighting the regulations violated by both PMC and HDIL? Explain the 3 stages in money laundering using an example. Explain how is Hawala different from the scam discussed in the case above? Explain why it is important for HDIL / any company to follow PMLA Norms? 	
Q.2	<p>Attempt any two.</p> <ol style="list-style-type: none"> Explain significance of Indian financial system regulations. Explain qualitative credit control measures of RBI. Explain important functions of SEBI. 	5X2
Q.3	<p>Attempt any two.</p> <ol style="list-style-type: none"> How does SEBI prohibit these fraudulent & unfair trade practices? Explain SEBI Mutual Fund Regulations 1996 Write a note on Acquisition & takeover. 	5X2
Q.4	<p>Attempt any two.</p> <ol style="list-style-type: none"> Explain Functions of Insurance Regulatory & development Authority. Explain in brief the Competition Act 2002. Write a note on Competition commission of India. 	5X2
Q.5	<p>Attempt any two.</p> <ol style="list-style-type: none"> What do you mean by unfair trade practices related to security market? Difference between FERA & FEMA. Write a note on importance of KYC. 	5X2

Q.6		Attempt any two. A) What do you mean by FDI policy & its advantages. B) Explain Money Laundering & its objectives. C) What Influence Does Money Laundering Have on Economic Development?	5X2
Q.7		Attempt any two Short Notes. A) Global financial crisis. B) CRICIL D) Functions of RBI.	5X2